David Whitaker, Esq. Director Irvin Corley, Jr. Executive Policy Manager Marcell R. Todd, Jr. Director, City Planning Commission Janese Chapman Director, Historic Designation Advisory Board

John Alexander Ronald Amarteifio Megha Bamola LaKisha Barclift, Esq. Paige Blessman M. Rory Bolger, Ph.D., FAICP Eric Fazzini, AICP Christopher Gulock, AICP Derrick Headd

City of Detroit CITY COUNCIL

LEGISLATIVE POLICY DIVISION 208 Coleman A. Young Municipal Center Detroit, Michigan 48226 Phone: (313) 224-4946 Fax: (313) 224-4336

Marcel Hurt, Esq. **Kimani Jeffrey Edward King Kelsey Maas** Jamie Murphy Kim Newby Analine Powers, Ph.D. Laurie Anne Sabatini **Rebecca Savage Ryan Schumaker** Sabrina Shockley **Renee Short Flovd Stanley Thomas Stephens**, Esq. **Timarie Szwed Dr. Sheryl Theriot Theresa Thomas** Ashley A. Wilson

FROM: David Whitaker, Director Legislative Policy Division Statt

DATE: November 16, 2022

RE: City Club Apartments Midtown Brownfield Plan PA 381 PUBLIC HEARING

The Brownfield Redevelopment Financing Act 381 of 1996, provides tax incentives (i.e., tax increment financing) to develop brownfield properties in an area at or on which there has been a release (or threat of release) or disposal of a hazardous substance.

CCA Midtown Detroit, is the project developer of the City Club Apartments Midtown Brownfield Plan. The eligible property consists of five (5) parcels located at 3510 and 3540 Woodward Avenue, 80 and 90 Mack Avenue, and 33 Eliot Street. The property is located between Detroit's Midtown and Cass Corridor Neighborhoods, and is bounded by Mack Avenue to the north, John R Street to the east, Eliot Street and the property line to the south, and Woodward Avenue to the west.

The five parcels housed a variety of uses, including service garages, tent/awning manufacturing companies, sheet metal shops, photo processing/silk screen printing operations, art/frame manufacturing, stoker service, and rubber company operations, and motel. The parcels were most recently used as parking lots. The developer plans to construct a mixed-use development with three newly constructed buildings utilizing green building, Fitwel,¹ and ESG standards.²

¹ The Fitwel Standard provides tailored scorecards for existing and new buildings and sites to optimize the unique opportunities for every project to receive the Fitwel <u>healthy building certification</u>—whether it's a single floor build-out or a large-scale development. <u>Fitwel — Project Solutions | What is The Fitwel Standard?</u>

² ESG definition: a framework for integrating and measuring Environmental, Social, and Governance issues pertaining to a business. <u>Fitwel — Unpacking ESG | ESG Strategy 101</u>

The development will feature approximately 344 residential units and 40,296 square feet of commercial space:

- **Building 1** will consist of a 16-story residential building, spanning approximately 208,490 sq. ft. of building space. The building will contain an estimated 270 residential units. Of the residential units, 20% will be set aside at 80% the area median income (AMI).
- **Building 2** will consist of a 6-story mixed use building, inclusive of both residential and commercial spaces, with an estimated 74 residential units in 78,610 of residential space, and 9,100 square feet of commercial space.
- **Building 3** is planned as a commercial building, with approximately 31,196 square feet of retail space.

In addition, the development will include an approximately 186 space, on-site parking structure underground. Two pocket parks³ will be positioned on the property, one located at the northwestern corner of the property, along Woodward and Mack and the other at the southwestern corner, along Woodward and Eliot. The pocket parks will incorporate designated outdoor eating areas for the restaurants, as well as water features, temporary bike storage, public seating, and native landscaping to facilitate a safe and comfortable pedestrian space.

It is anticipated that the project will create 2 direct FTEs, and 130 temporary construction jobs. In addition, the planned tenants, City Target, Chase Bank, a new restaurant, and a new Café are anticipated to create an additional 60 tenant jobs. The developer is requesting a **\$23,956,479⁴** TIF,⁵ reimbursement, with the overall value of the plan estimated at **\$30,093,023**,⁶ which includes local brownfield costs.⁷ The developer is also seeking an approval of a Neighborhood Enterprise Zone, a CRP loan⁸ and New Market Tax Credits.⁹ The estimated capital investment for this project is approximately **\$103 million**.

Basis of Eligibility

The Property is considered "eligible property" as defined by Act 381, Section 2 because (a) it was previously utilized for an industrial or commercial purpose; (b) is located within the City of Detroit, a qualified local governmental unit; and (c) determined to be a "facility" as defined by Act 381.

0 1 0	0
Tax ID	Development Entity
01004185	CCA Midtown Detroit,
01004187.008	LLC (via Land Lease)
01004187.009	
01004187.004	
01004186-0	
	01004185 01004187.008 01004187.009 01004187.004

Description of the Eligible Property & Legal Description

³ A pocket park is a small outdoor space, usually no more than ¹/₄ of an acre, usually only a few house lots in size or smaller, most often located in an urban area surrounded by commercial buildings or houses on small lots with few places for people to gather, relax, or to enjoy the outdoors.

⁴ The plan references \$23,956,477, however the collection tables in the plan total \$23,956,479 (a difference of \$2).

⁵ Tax Increment Financing (TIF) subsidizes an entity by refunding or diverting a portion of their taxes to help finance development in an area or on a project site.

⁶ The plan references \$29,242,834, however the collection tables in the plan total \$30,093,023 (a difference of \$850,189).

⁷ The duration of the TIF plan is 30 years.

⁸ Michigan Community Revitalization Loan from the Michigan Strategic Fund

⁹ New Markets Tax Credits tool is administered by the U.S Department of Treasury, is designed to attract capital to projects that support low- and moderate-income households and communities.

Tax increments are projected to be captured and applied to (i) reimbursement of eligible activity costs and payment of DBRA administrative and operating expenses, (ii) make deposits into the State Brownfield Redevelopment Fund, and (iii) make deposits into the DBRA's Local Brownfield Revolving Fund, as follows:

	Reimbursement Costs	Admin. Costs	State Brownfield Fund	Local Brownfield Revolving Fund	Totals
School Operating Tax	\$7,365,214	\$0	\$0	\$692,235	\$8,057,449
State Education Tax	\$1,531,870	\$0	\$1,061,058	\$243,702	\$2,836,631
City Operating	\$7,283,807	\$1,278,772	\$0	\$723,412	\$9,285,990
Library	\$1,690,513	\$296,793	\$0	\$167,898	\$2,155,204
Wayne County Operating (summer)	\$2,047,987	\$359,552	\$0	\$203,402	\$2,610,940
Wayne County Operation (winter)	\$360,430	\$63,278	\$0	\$35,797	\$459,506
Wayne County Jails	\$341,629	\$59,978	\$0	\$33,930	\$435,537
Wayne County Parks	\$89,551	\$15,722	\$0	\$8,894	\$114,167
НСМА	\$76,262	\$13,389	\$0	\$7,574	\$97,226
RESA Enhancement	\$725,606	\$127,390	\$0	\$72,066	\$925,062
Wayne County ISD (RESA)	\$35,119	\$6,166	\$0	\$3,488	\$44,773
Wayne County RESA Special Ed	\$1,226,477	\$215,325	\$0	\$121,811	\$1,563,613
Wayne County Community College	\$1,182,012	\$207,518	\$0	\$117,395	\$1,506,926
TOTAL	\$23,956,479	\$2,643,883	\$1,061,058	\$2,431,603	\$30,093,023
In Addition the following taxes are proje	ected to be generated	but shall not be a	aptured during the	life of this Plan:	
City Debt	\$4,188,749				
School Debt	\$6,050,415				
Wayne County DIA	\$93,083				
Wayne County Zoo	\$46,542				
Total	\$10,378,788				

Feasibility of the Brownfield Approval

33 Elliot Street

A Phase I Environmental Site Assessment ("ESA") completed in 2008, at which time this property was occupied by a vacant light industrial building, identified recognized environmental conditions ("REC(s)") associated with the former high-risk operations onsite (i.e., automotive storage/service, factory, and photo processing/silk screen printing), observed staining onsite, and a potential orphan 1,000-gallon gasoline underground storage tank ("UST"). Additionally, previous site investigations were completed in 2008 to assess a potential orphan 1,000-gallon gasoline UST.

80 Mack Avenue

A Phase I ESA completed in 2015, at which time this property was occupied by surface parking lots, identified a REC associated with former automotive service operations at 3540 Woodward Avenue (parent parcel to 80 Mack Avenue, discussed below). Subsequent onsite investigation activities identified soil contamination above the Part 201 Residential and Nonresidential cleanup criteria

and Nonresidential cleanup criteria.

90 Mack Avenue

A Phase I ESA completed in 2015, at which time this property was occupied by surface parking lots, identified a REC associated with former automotive service/painting operations along the eastern property boundary from the 1920s and 1930s to the 1960s, which extended offsite to the east.

3510 Woodward Avenue

Previous site investigations were conducted in 1996 and 1997, which were not available for review, but were summarized in a 2008 site investigation (discussed below) as follows:

• A site investigation was completed in February 1996 to evaluate the former gasoline service operations identified petroleum and/or lead contamination in soil above the former Michigan Department of Environmental Quality ("MDEQ", currently known as the Michigan Department of Environment, Great Lakes and Energy ("EGLE")) Part 201 Residential, Commercial, and Industrial cleanup. criteria. Based on these analytical results, a Baseline Environmental Assessment ("BEA") was submitted to EGLE on September 20, 1996 (BEA ID: 129).

• Based on the results from the February 1996 site investigation, release C-0876-96 was reported on October 29, 1996. Additional site investigation activities completed in February 1997 identified additional petroleum and/or lead contamination in soil above the former MDEQ Part 213 Residential, Commercial, and Industrial RBSLs. Based on these analytical results, a Restrictive Covenant ("RC") was recorded for a rectangular area in the vicinity of former fuel dispensers that restricted any subsurface disturbances as documented in a 1997 LUST Closure Report. The October 1996 release was granted Tier I Commercial III Restricted Closure on December 29, 1997.

A Phase I ESA completed in 2008, at which time this property was occupied by a vacant auto service shop, identified RECs associated with 1) the 'facility' status as documented in

the 1996 BEA; 2) former service operations; 3) former onsite USTs; observed hydraulic hoists; and observed staining. Subsequent onsite investigation activities identified

petroleum contamination in soil north of the RC area above the Part 201 Residential and Nonresidential cleanup criteria.

3540 Woodward Avenue

A Phase I ESA completed in 2015, at which time this property was occupied by surface parking lots, identified a REC associated with former automotive service operations in the eastern portion of the property. Subsequent onsite investigation activities identified soil above the Part 201 Residential and Nonresidential cleanup criteria.

Additional contaminant concentrations identified on the Property in soil during a September 2021 site investigation as part of the Developer's pre-purchase due diligence. Combined with the previous site investigations conducted between 1996 and 2016, exceedances of the Parts 201/213 Residential and Nonresidential DWP, GSIP, and DC cleanup criteria/RBSLs are present. Additionally, the portion of the Property identified as 3510 Woodward Avenue (Facility ID: 50001945) is a closed LUST site with one reported release on October 29, 1996 and granted Tier I Commercial III Restricted Closure on December 29, 1997 (C-0876-96). Therefore, the Property is a "facility" and a "property" in accordance with Parts 201/213 of P.A. 451, as amended.

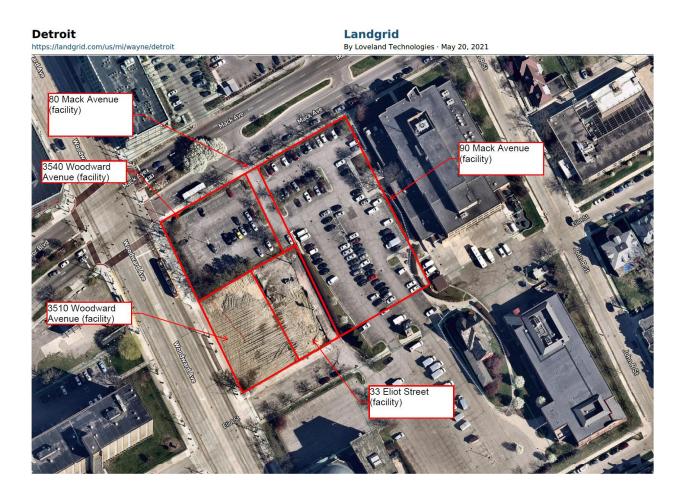
Please contact us if we can be of any further assistance.

cc: Auditor General's Office Donald Rencher, Chief of Services and Infrastructure Antoine Bryant, Planning and Development Department Julie Schneider, HRD Veronica Farley, HRD Stephanie Grimes Washington, Mayor's Office Gail Fulton, Mayor's Office Malinda Jensen, DEGC Kenyetta Bridges, DEGC Jennifer Kanalos, DEGC Brian Vosburg, DEGC Cora Capler, DEGC



Rendering of the completed project¹⁰

¹⁰ Source: City Club Apartments Midtown Brownfield Plan



Estimated Cost of Eligible Activities Table

EGLE Eligible Activities Costs and Schedule				
EGLE Eligible Activities		Cost	Completion Season/Year	
Department-Specific Activities				
Work Plan Exempt Activities (i.e. Phase I ESA, Phase II ESA, BEA, Haz Mat Survey etc.)	\$	121,445	2019-2022	
Due Care Activities	\$	1,504,700	Fall 2022-Fall 2024	
EGLE Eligible Activities Subtotal	\$	1,626,145		
Contingency (15%)*	\$	225,705		
Interest (5% following tax abatement expiration)	\$	313,023		
Brownfield Plan and/or Work Plan Preparation	\$	15,000		
Brownfield Plan and/or Work Plan Implementation	\$	15,000		
EGLE Eligible Activities Total	\$	2,194,873		

MSF Eligible Activities Costs and Schedule				
			Completion	
MSF Eligible Activities		Cost	Season/Year	
Building demolition	\$	514,000	Fall 2022-Fall 2024	
Site demolition	\$	398,273	Fall 2022-Fall 2024	
Lead, asbestos or mold abatement	\$	160,000	Fall 2022-Fall 2023	
Infrastructure improvements - Public ROW Only	\$	695,040	Fall 2022-Fall 2024	
Infrastructure improvements - Public and Private Property	\$	6,200,000	Fall 2022-Fall 2024	
Site Preparation	\$	8,231,000	Fall 2022-Fall 2024	
MSF Eligible Activities Subtotal	\$	16,198,314		
Contingency (15%)*	\$	2,429,747		
Interest (5% following tax abatement expiration)	\$	3,103,544		
Brownfield Plan and/or Work Plan Preparation	\$	15,000		
Brownfield Plan and/or Work Plan Implementation	\$	15,000		
MSF Eligible Activities Total	\$	21,761,606		

*Excludes work plan exempt activities

Attachment B

TO: THE DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

FROM: DETROIT, BUILDINGS, SAFETY ENGINEERING, AND ENVIRONMENTAL DEPARTMENT

PROJECT: City Club Apartments Midtown

DATE: 10/4/2022

The undersigned, from the City of Detroit, Buildings, Safety Engineering, and Environmental Department acknowledges the receipt of the environmental documents listed below, which have been submitted by CCA Midtown, LLC, as developer, as part of its Brownfield Plan submittal to the Detroit Brownfield Redevelopment Authority (DBRA), for the City Club Apartments Development.

- 1 Phase I Environmental Site Assessment, pursuant to USEPA's. All Appropriate Inquiry using American Society of Testing Materials (ASTM) Standard E 1527-13
- Phase II Environmental Site Assessment, pursuant to ASTM Standard 1903 (if appropriate)
- Baseline Environmental Assessment, pursuant to Part 201 of Michigan 's Natural Resources and Environmental Protection Act, MCL 324.20101 *et seq.* (if appropriate).
- _____ Due Care Plan, pursuant to Part 201 of Michigan's Natural Resources and Environmental Protection Act, MCL 324.20101 *et seq.* (if appropriate).

Based upon its review of the above environmental documents and the representations of the developer, the City of Detroit, Buildings, Safety Engineering, and Environmental Department agrees with the environmental consultant that the site is a Part 201/213 facility and has determined that the documents received for this project satisfy the DBRA Guidelines.

City of Detroit, Buildings, Safety Engineering, and Environmental Department

By: Anita Harrington Its: Environmental Specialist III

INCENTIVE INFORMATION CHART

Incentive Information Chart: City Club Apartments Midtown, Detroit

Project Type	Incentive Type	Investment Amount	District
New Construction – Mixed Use	Brownfield TIF, NEZ	Approx. \$84 Million Hard Cost Investment (\$103 Million total)	District 6

Jobs Available							
Construction				Post Cor	struction		
Professio	Non-	Skilled	Non-Skilled	Professio Non- Skilled Non-Skill			Non-Skilled
nal	Professional	Labor	Labor	nal	Professional	Labor	Labor
0	0	130	0	14	41	0	5

1. What is the plan for hiring Detroiters?

The development team will present at local trades sessions to solicit bidders and garner opportunities to employ Detroit residents, including use of Detroit at Work.

City Club Apartments currently partners with Detroit at Work to advertise job openings at our 4 existing communities in Detroit and the new midtown development will do the same. City Club Apartments Midtown has already reached out to Detroit at work and will look to engage with the community and hire locally prior to opening in 2024.

2. Please give a detailed description of the jobs available as listed in the above chart, i.e: job type, job qualifications, etc.

Construction - Available construction jobs include demolition, site utilities, concrete, masonry, carpentry, steel work, architectural woodwork, roofing, window glass and glazing, framing, painting, flooring, tiling, plumbing and HVAC, and electrical. It is anticipated 130 construction jobs will be created.

City Club Apartments – Estimated <u>8 full time equivalent employees</u> at the property plus additional corporate staff to support the development, opening, and ongoing operations/marketing.

Estimated split of compensation type. This is an estimate and can vary greatly based on the applicant for each role and promotion opportunities.

Managerial/Salary 38% Hourly 42%

City Club Apartments prides itself on promoting from within and a sales staff employee can be promoted up to property management and beyond as there is also plenty of room to grow at the corporate level.

INCENTIVE INFORMATION CHART

City Club Apartments leads the industry in developing and managing innovative, urban mixed-use apartment communities. As a customer centric, international lifestyle brand, we deliver resort class amenities and time saving services to our residents. Design driven and technologically advanced, we are committed to social responsibility, wellness, and building and living green.

Career Paths

We offer career paths and programs for our people to become property managers, chief engineers, sales managers, and corporate associates.

Training & Development

City Club Apartments is defined by its people, that's why we emphasize our training and development programs. CCA offers a robust training curriculum available to each onsite department. The training is offered through a variety of learning methods to meet the needs of a decentralized workforce. We have numerous programs to assist with the development of technical skills, leadership development and executive education.

Restaurant – Estimated 6 full time equivalent employees at the Restaurant

Estimated split of compensation type: Managerial/Salary 17% Hourly 83%

- Cafe Estimated 3 full time equivalent employees at the Cafe Estimated split of compensation type: Managerial/Salary 33% Hourly 67%
- Bank (Chase Bank) Estimated 5 full time equivalent employees at the Bank Estimated split of compensation type: Managerial/Salary 60% Hourly 40%

Retailer (Target) – Estimated 38 full time equivalent employees

From the Retailer:

- Of the total hired, 6-8 would be leadership positions.
- We offer a compelling work environment with meaningful experiences and abundant growth and career development opportunities. This includes extensive programs that help our team build skills at all levels, including specialized skill development, leadership opportunities, coaching and mentoring. Our Leaders balance the recruitment of external hires with internal promotions and new experiences.

Estimated split of compensation type: Managerial/Salary 21% Hourly 79%

INCENTIVE INFORMATION CHART

3. Will this development cause any relocation that will create new Detroit residents?

The development is anticipated to create an estimated 344 new residential units in the City of Detroit housing 400+ new and existing Detroit Residents.

No relocation of existing residents or businesses from the development site will occur as the property is currently a vacant surface parking lot.

4. Has the developer reached out to any community groups to discuss the project and/or any potential jobs?

The development team has engaged with the following list of local neighbors to provide a presentation to of the proposed development, solicit feedback and incorporate revisions as applicable. Outreach thus far has mostly been focused on residential neighbors, although it is mostly corporate businesses that are adjacent to the proposed development (Starbucks, FedEx, Whole Foods, and parking garages).

	Address	Presentation Date
1	Brush Park CDC Public and Board Meeting	7/2020 and 1/21/2021
2	3670 Woodward Ave (Ellington Residents)	2/25/2021
3	100 Mack Ave (Owners of Office Building)	2/3/2021
4	115 Erskine St (Owners of Office building)	2/3/2021
5	80 Eliot Street (Members of Club/Ownership)	2/4/2021
6	3424 Woodward (Owner)	2/3/2021
7	SWC Stimson/Woodward (Developer/Owner)	2/3/2021
8	3152 Woodward Ave (Owner)	2/2/2021
9	3663 Woodward Ave (Broder and Sachse Building)	2/2/2021
10	81 Erskine St (Owner)	2/3/2021
11	3448 Woodward Ave (Owner)	2/3/2021
12	40 Davenport (Owner)	2/2/2021

5. When is construction slated to begin?

Construction is slated to commence in December 2022.

6. What is the expected completion date of construction?

Construction is expected to be completed in November 2024.

Exhibit B



October 19, 2022

The Honorable City Council City of Detroit Coleman A. Young Municipal Center 2 Woodward Avenue, Suite 1340 Detroit, Michigan 48226

City of Detroit Brownfield Redevelopment Authority Board of Directors 500 Griswold Street, Suite 2200 Detroit, Michigan 48226

Recommendation for Approval of the City Club Apartments Midtown Brownfield Re: Redevelopment Plan

Honorable Members of the Detroit City Council and the City of Detroit Brownfield Redevelopment Authority Board of Directors:

In accordance with the resolution of the Detroit City Council creating the City of Detroit Brownfield Redevelopment Authority (the "Authority"), the Community Advisory Committee, at its meeting of October 19, 2022, adopted a resolution approving the proposed Brownfield Plan for City Club Apartments and recommending adoption of this Brownfield Plan by the Authority and City Council.

Please accept this letter of recommendation for approval from the Community Advisory Committee on the Brownfield Plan for City Club Apartments.

Very truly yours,

By:

Kamal Cheeks, Chairperson Community Advisory Committee to the City of Detroit Brownfield Redevelopment Authority



DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY MINUTES OF THE SPECIAL COMMUNITY ADVISORY COMMITTEE MEETING WEDNESDAY, OCTOBER 19, 2022 - 9:00 AM

COMMITTEE MEMBERS PRESENT:

Rick Blocker Michelle Lee Allen Rawls Rico Razo Kamal Cheeks

COMMITTEE MEMBERS ABSENT:

Brad Lutz Dr. Regina Randall Simone Sagovac

OTHERS PRESENT:

Brian Vosburg (DEGC/DBRA) Cora Capler (DEGC/DBRA) Malinda Jensen (DEGC/DBRA) Monika McKay-Polly (DEGC/DBRA) Emery Matthews (Real Estate Interests, LLC) Jonathan Sherman (CCA Midtown) Paul Fromm (CCA Midtown) Steve Kehm (CCA Midtown) Karriem Holman (CCA Midtown) Elizabeth Masserang (PM Environmental) Aaron Goodman (City of Detroit)